

B 1 (Official Form 1) (1/08)

<b>Voluntary Petition</b> <i>(This page must be completed and filed in every case)</i>		Name of Debtor(s): <b>KH Financial Holding Company</b>	
<b>All Prior Bankruptcy Cases Filed Within Last 8 Years</b> (If more than two, attach additional sheet.)			
Location Where Filed:	Case Number:	Date Filed:	
Location Where Filed:	Case Number:	Date Filed:	
<b>Pending Bankruptcy Case Filed by any Spouse, Partner, or Affiliate of this Debtor</b> (If more than one, attach additional sheet.)			
Name of Debtor: <b>SEE RIDER 2</b>	Case Number:	Date Filed:	
District:	Relationship:	Judge:	
<b>Exhibit A</b>  (To be completed if debtor is required to file periodic reports (e.g., forms 10K and 10Q) with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and is requesting relief under chapter 11.)  <input type="checkbox"/> Exhibit A is attached and made a part of this petition.		<b>Exhibit B</b> (To be completed if debtor is an individual whose debts are primarily consumer debts.)  I, the attorney for the petitioner named in the foregoing petition, declare that I have informed the petitioner that [he or she] may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, and have explained the relief available under each such chapter. I further certify that I have delivered to the debtor the notice required by 11 U.S.C. § 342(b).  X _____ Signature of Attorney for Debtor(s) (Date)	
<b>Exhibit C</b> Does the debtor own or have possession of any property that poses or is alleged to pose a threat of imminent and identifiable harm to public health or safety?  <input type="checkbox"/> Yes, and Exhibit C is attached and made a part of this petition. <input checked="" type="checkbox"/> No.*			
<b>Exhibit D</b> (To be completed by every individual debtor. If a joint petition is filed, each spouse must complete and attach a separate Exhibit D.)  <input type="checkbox"/> Exhibit D completed and signed by the debtor is attached and made a part of this petition. If this is a joint petition: <input type="checkbox"/> Exhibit D also completed and signed by the joint debtor is attached and made a part of this petition.			
<b>Information Regarding the Debtor - Venue</b> (Check any applicable box)  <input type="checkbox"/> Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District. <input checked="" type="checkbox"/> There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District. <input type="checkbox"/> Debtor is a debtor in a foreign proceeding and has its principal place of business or principal assets in the United States in this District, or has no principal place of business or assets in the United States but is a defendant in an action or proceeding [in a federal or state court] in this District, or the interests of the parties will be served in regard to the relief sought in this District.			
<b>Certification by a Debtor Who Resides as a Tenant of Residential Property</b> (Check all applicable boxes.)  <input type="checkbox"/> Landlord has a judgment against the debtor for possession of debtor's residence. (If box checked, complete the following.)  <div style="text-align: right; margin-right: 100px;">         _____          (Name of landlord that obtained judgment)       </div> <div style="text-align: right; margin-right: 100px;">         _____          (Address of landlord)       </div> <input type="checkbox"/> Debtor claims that under applicable nonbankruptcy law, there are circumstances under which the debtor would be permitted to cure the entire monetary default that gave rise to the judgment for possession, after the judgment for possession was entered, and  <input type="checkbox"/> Debtor has included in this petition the deposit with the court of any rent that would become due during the 30-day period after the filing of the petition.  <input type="checkbox"/> Debtor certifies that he/she has served the Landlord with this certification. (11 U.S.C. § 362(1)).			

\* The Debtor is not aware of any definition of "imminent and identifiable harm" as used in this form. The Debtor is subject to a variety of local, state, and federal laws and regulations concerning the protection of health and the environment. The Debtor does not believe it owns or possesses property that poses or is alleged to pose a threat of such harm. The Debtor owns or possesses certain property that is subject to investigation or remediation under environmental laws.

<p><b>Voluntary Petition</b> (This page must be completed and filed in every case)</p>	<p>Name of Debtor(s): <b>KH Financial Holding Company</b></p>
<b>Signatures</b>	
<p style="text-align: center;"><b>Signature(s) of Debtor(s) (Individual/Joint)</b></p> <p>I declare under penalty of perjury that the information provided in this petition is true and correct. [If petitioner is an individual whose debts are primarily consumer debts and has chosen to file under chapter 7] I am aware that I may proceed under chapter 7, 11, 12 or 13 of title 11, United States Code, understand the relief available under each such chapter, and choose to proceed under chapter 7.</p> <p>[If no attorney represents me and no bankruptcy petition preparer signs the petition] I have obtained and read the notice required by 11 U.S.C. § 342(b).</p> <p>I request relief in accordance with the chapter of title 11, United States Code, specified in this petition.</p> <p><b>X</b> _____ Signature of Debtor</p> <p><b>X</b> _____ Signature of Joint Debtor</p> <p>_____ Telephone Number (If not represented by attorney)</p> <p>_____ Date</p>	<p style="text-align: center;"><b>Signature of a Foreign Representative</b></p> <p>I declare under penalty of perjury that the information provided in this petition is true and correct, that I am the foreign representative of a debtor in a foreign proceeding, and that I am authorized to file this petition.</p> <p>(Check only <b>one</b> box.)</p> <p><input type="checkbox"/> I request relief in accordance with chapter 15 of title 11, United States Code. Certified copies of the documents required by 11 U.S.C. § 1515 are attached.</p> <p><input type="checkbox"/> Pursuant to 11 U.S.C. § 1511, I request relief in accordance with the chapter of title 11 specified in this petition. A certified copy of the order granting recognition of the foreign main proceeding is attached.</p> <p><b>X</b> _____ (Signature of Foreign Representative)</p> <p>_____ (Printed Name of Foreign Representative)</p> <p>_____ Date</p>
<p style="text-align: center;"><b>Signature of Attorney*</b></p> <p><b>X</b> <u>/s/ Ray C. Schrock</u> Signature of Attorney for Debtor(s) <u>Ray C. Schrock</u> Printed Name of Attorney for Debtor(s) <u>Kirkland &amp; Ellis LLP</u> Firm Name</p> <p><u>200 E. Randolph Street</u> Chicago, IL 60601 Address <u>(312) 861-2000</u> Telephone Number <u>4/23/2008</u> Date</p> <p>* In a case in which § 707(b)(4)(D) applies, this signature also constitutes a certification that the attorney has no knowledge after an inquiry that the information in the schedules is incorrect.</p>	<p style="text-align: center;"><b>Signature of Non-Attorney Bankruptcy Petition Preparer</b></p> <p>I declare under penalty of perjury that: (1) I am a bankruptcy petition preparer as defined in 11 U.S.C. § 110; (2) I prepared this document for compensation and have provided the debtor with a copy of this document and the notices and information required under 11 U.S.C. §§ 110(b), 110(h), and 342(b); and, (3) if rules or guidelines have been promulgated pursuant to 11 U.S.C. § 110(h) setting a maximum fee for services chargeable by bankruptcy petition preparers, I have given the debtor notice of the maximum amount before preparing any document for filing for a debtor or accepting any fee from the debtor, as required in that section. Official form 19B is attached.</p> <p>_____ Printed Name and title, if any, of Bankruptcy Petition Preparer</p> <p>_____ Social Security number (If the bankruptcy petition preparer is not an individual, state the Social Security number of the officer, principal, responsible person or partner of the bankruptcy petition preparer.) (Required by 11 U.S.C. § 110.)</p> <p>_____ Address</p> <p><b>X</b> _____ Date</p> <p>Signature of bankruptcy petition preparer or officer, principal, responsible person, or partner whose Social Security number is provided above.</p> <p>Names and Social Security numbers of all other individuals who prepared or assisted in preparing this document unless the bankruptcy petition preparer is not an individual.</p> <p>If more than one person prepared this document, attach additional sheets conforming to the appropriate official form of each person.</p> <p><i>A bankruptcy petition preparer's failure to comply with the provisions of title 11 and the Federal Rules of Bankruptcy Procedure may result in fines or imprisonment or both 11 U.S.C. § 110; 18 U.S.C. § 156.</i></p>
<p style="text-align: center;"><b>Signature of Debtor (Corporation/Partnership)</b></p> <p>I declare under penalty of perjury that the information provided in this petition is true and correct, and that I have been authorized to file this petition on behalf of the debtor.</p> <p>The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.</p> <p>_____</p> <p><b>X</b> <u>/s/ C. Kenneth Love</u> Signature of Authorized Individual <u>C. Kenneth Love</u> Printed Name of Authorized Individual</p> <p><u>Vice Chairman</u> Title of Authorized Individual</p> <p><u>4/23/2008</u> Date</p>	

**RIDER 1 - PRIOR TRADE NAMES**

All other names that may have been used by or associated with the Debtor in the last 8 years:

18th and Peoria, LLC  
Cactus Hills LLC  
East Lake Park  
Edgewater Limited Partnership  
Gables at Hiddenbrook Limited Partnership  
Hunters Ridge First Limited Partnership  
Huntington Chase Limited Partnership  
Indian Trails Limited Partnership  
KH Financial Holding Company  
KH Ingham Park South, LLC  
KH SRAV II, LLC  
KHH Texas Trading Company L.P.  
Kimball Hill & Associates, Inc.  
Kimball Hill Bellevue Ranch, LLC  
Kimball Hill Chadwick Farm Limited Partnership  
Kimball Hill Far East Detroit, LLC  
Kimball Hill Homes  
Kimball Hill Homes Austin Investments, L.L.C.  
Kimball Hill Homes Austin Operations, L.L.C.  
Kimball Hill Homes Austin, L.L.P.  
Kimball Hill Homes Austin, L.P.  
Kimball Hill Homes California, Inc.  
Kimball Hill Homes Dallas Investments, L.L.C.  
Kimball Hill Homes Dallas Operations, L.L.C.  
Kimball Hill Homes Dallas, L.L.P.  
Kimball Hill Homes Dallas, L.P.  
Kimball Hill Homes Florida, Inc.  
Kimball Hill Homes Houston Investments, L.L.C.  
Kimball Hill Homes Houston Operations, L.L.C.  
Kimball Hill Homes Houston, L.L.P.  
Kimball Hill Homes Houston, L.P.  
Kimball Hill Homes Illinois, LLC  
Kimball Hill Homes Nevada, Inc.  
Kimball Hill Homes Ohio, Inc.  
Kimball Hill Homes Oregon, Inc.  
Kimball Hill Homes Realty Florida, Inc.  
Kimball Hill Homes San Antonio, L.P.  
Kimball Hill Homes Texas Investments, L.L.C.  
Kimball Hill Homes Texas Operations, L.L.C.  
Kimball Hill Homes Texas, Inc.  
Kimball Hill Homes Washington, Inc.

Kimball Hill Homes Wisconsin, Inc.  
Kimball Hill Marbella Estates Limited Partnership  
Kimball Hill Shamrock Farm Limited Partnership  
Kimball Hill Sheldon Lakes, LLC  
Kimball Hill Stateway, Inc.  
Kimball Hill Texas Investment Company, L.L.C.  
Kimball Hill TX Properties, LLC  
Kimball Hill Urban Centers Chicago One, L.L.C.  
Kimball Hill Urban Centers Chicago Two, L.L.C.  
Kimball Hill Urban Centers Special Purposes, LLC  
Kimball Hill Urban Centers, L.L.C.  
Kimball Hill Villages, LLC  
Kimball Hill, Inc.  
Kimball Mountain First Limited Partnership  
Legend Lakes Limited Partnership  
Mallard Pointe Limited Partnership  
National Credit and Guaranty Corporation  
Park Shore LLC  
Parkview Limited Partnership  
Parkview Limited Partnership  
Powers Hill Homes, Inc.  
River Oaks Home, LLP  
River Oaks Homes, L.L.P.  
River Oaks Realty, L.L.P.  
River Oaks Realty, L.P.  
River Oaks Realty, LP  
River Pointe Limited Partnership  
River Pointe Limited Partnership  
Stateway Gardens Associates LLC  
Stonehill Square LLC  
Stonehill Square LLC  
Terramina LLC  
The Hamilton Place Partnership  
Village North Associates, LLC  
Waterford Limited Partnership  
Whispering Meadow Limited Partnership  
White Oak Limited Partnership

**RIDER 2 - LIST OF FILING ENTITIES**

Along with the Debtor, KH Financial Holding Company, the following affiliated debtors contemporaneously have filed chapter 11 petitions in the United States Bankruptcy Court for the Northern District of Illinois:

1. Kimball Hill, Inc.
2. 18th and Peoria, LLC
3. The Hamilton Place Partnership
4. KH Ingham Park South, LLC
5. KHH Texas Trading Company L.P.
6. Kimball Hill Far East Detroit, LLC
7. Kimball Hill Homes Austin, L.P.
8. Kimball Hill Homes California, Inc.
9. Kimball Hill Homes Dallas, L.P.
10. Kimball Hill Homes Florida, Inc.
11. Kimball Hill Homes Houston, L.P.
12. Kimball Hill Homes Illinois, LLC
13. Kimball Hill Homes Nevada, Inc.
14. Kimball Hill Homes Ohio, Inc.
15. Kimball Hill Homes Oregon, Inc.
16. Kimball Hill Homes Realty Florida, Inc.
17. Kimball Hill Homes San Antonio, L.P.
18. Kimball Hill Homes Texas Investments, L.L.C.
19. Kimball Hill Homes Texas Operations, L.L.C.
20. Kimball Hill Homes Texas, Inc.
21. Kimball Hill Homes Washington, Inc.

22. Kimball Hill Homes Wisconsin, Inc.
23. Kimball Hill Stateway, Inc.
24. Kimball Hill Texas Investment Company, L.L.C.
25. Kimball Hill Urban Centers Chicago One, L.L.C.
26. Kimball Hill Urban Centers Chicago Two, L.L.C.
27. Kimball Hill Urban Centers Special Purposes, LLC
28. Kimball Hill Urban Centers, L.L.C.
29. National Credit and Guaranty Corporation

**KH FINANCIAL HOLDING COMPANY**  
**UNANIMOUS WRITTEN CONSENT OF DIRECTORS**

**APRIL 23, 2008**

The undersigned, being all the directors (the “Board of Directors”) of KH Financial Holding Company, an Illinois corporation (the “Company”), pursuant to the provisions of applicable law and the by-laws of the corporation, take the following actions and adopt the following resolutions by unanimous written consent:

WHEREAS, the Board of Directors reviewed the materials presented by the management and the financial and legal advisors of the Company regarding the liabilities and liquidity situation of the Company, the strategic alternatives available to it, and the impact of the foregoing on the Company’s business; and

WHEREAS, the Board of Directors has had the opportunity to consult with the management and the financial and legal advisors of the Company and fully consider each of the strategic alternatives available to the Company;

**I. Voluntary Petition Under the Provisions of Chapter 11 of Title 11 of the United States Code**

NOW, THEREFORE, BE IT RESOLVED, that in the judgment of the Board of Directors, it is desirable and in the best interests of the Company, its creditors, and other parties in interest, that the Company file or cause to be filed a voluntary petition for relief under the provisions of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”); and

RESOLVED FURTHER, that the officers of the Company (collectively, the “Authorized Officers”), acting alone or with one or more other Authorized Officers be, and they hereby are, authorized to execute and file on behalf of the Company all petitions, schedules, lists and other motions, papers, or documents, and to take any and all action that they deem necessary or proper to obtain such relief, including, without limitation, any action necessary to maintain the ordinary course operation of the Company’s business; and

RESOLVED FURTHER, that the Authorized Officers be, and they hereby are, authorized and directed to employ the law firm of Kirkland & Ellis LLP as general bankruptcy counsel to represent and assist the Company in carrying out its duties under the Bankruptcy Code, and to take any and all actions to advance



the Company's rights and obligations, including filing any pleadings; and in connection therewith, the Authorized Officers are hereby authorized and directed to execute appropriate retention agreements, pay appropriate retainers, and to cause to be filed an appropriate application for authority to retain the services of Kirkland & Ellis LLP; and

RESOLVED FURTHER, that the Authorized Officers be, and they hereby are, authorized and directed to employ the firm of Houlihan Lokey Howard & Zukin, Inc. as investment banker and financial advisor to represent and assist the Company in carrying out its duties under the Bankruptcy Code, and to take any and all actions to advance the Company's rights and obligations; and in connection therewith, the Authorized Officers are hereby authorized and directed to execute appropriate retention agreements, pay appropriate retainers, and to cause to be filed appropriate applications for authority to retain the services of Houlihan Lokey Howard & Zukin, Inc.; and

RESOLVED FURTHER, that the Authorized Officers be, and they hereby are, authorized and directed to employ the firm of Deloitte Tax LLP as tax consultants to represent and assist the Company in carrying out its duties under the Bankruptcy Code, and to take any and all actions to advance the Company's rights and obligations; and in connection therewith, the Authorized Officers are hereby authorized and directed to execute appropriate retention agreements, pay appropriate retainers, and to cause to be filed appropriate applications for authority to retain the services of Deloitte Tax LLP; and

RESOLVED FURTHER, that the Authorized Officers be, and they hereby are, authorized and directed to employ the firm of Deloitte & Touche LLP as independent auditors and accountants to represent and assist the Company in carrying out its duties under the Bankruptcy Code, and to take any and all actions to advance the Company's rights and obligations; and in connection therewith, the Authorized Officers are hereby authorized and directed to execute appropriate retention agreements, pay appropriate retainers, and to cause to be filed appropriate applications for authority to retain the services of Deloitte & Touche LLP; and

RESOLVED FURTHER, that the Authorized Officers, and they hereby are, authorized and directed to employ the firm of Kurtzman Carson Consultants LLC as notice, claims, and balloting agent to represent and assist the Company in carrying out its duties under the Bankruptcy Code, and to take any and all actions to

advance the Company's rights and obligations; and in connection therewith, the Authorized Officers are hereby authorized and directed to execute appropriate retention agreements, pay appropriate retainers, and to cause to be filed appropriate applications for authority to retain the services of Kurtzman Carson Consultants LLC; and

RESOLVED FURTHER, that the Authorized Officers be, and they hereby are, authorized and directed to employ any other professionals to assist the Company in carrying out its duties under the Bankruptcy Code; and in connection therewith, the Authorized Officers are hereby authorized and directed to execute appropriate retention agreements, pay appropriate retainers, and to cause to be filed an appropriate application for authority to retain the services of any other professionals as necessary; and

## **II. Cash Collateral Agreement and Debtor in Possession Financing**

RESOLVED FURTHER, that the form, terms, and provisions of the Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364(c), 364(d) and 364(e) and Fed. R. Bankr. P. 4001 and 9014 (I) Authorizing the Debtors to Obtain Secured Postpetition Financing on Super-Priority Priming Lien Basis, Granting Adequate Protection for Priming and Modifying Automatic Stay, (II) Authorizing the Debtors to Use Cash Collateral of Existing Secured Lenders and Granting Adequate Protection for Use, (III) Authorizing the Debtors to Repay Existing Revolver Indebtedness Upon Interim Approval and (IV) Prescribing Form and Manner of Notice and Setting Time For Final Hearing (the "DIP Order"), pursuant to which, among other things, Kimball Hill, Inc. and the other Credit Parties will obtain the use of "Cash Collateral" of the Pre-Petition Agent and Pre-Petition Lenders (as each term is defined in the DIP Order) subject to a Budget (as defined in the DIP Order), in substantially the form submitted to the Board of Directors, be, and the same hereby is in all respects approved, and any Authorized Officer or other officer of the Company is hereby authorized and empowered, in the name of and on behalf of the Company, to consent to the DIP Order, in such form and with such changes as the officer of the Company executing the same shall approve; and

RESOLVED FURTHER, that the forms, terms, and provisions of the Promissory Note (the "Note") in respect of a Superpriority Priming Debtor in Possession Revolving Credit Facility (together with each other document, instrument, or agreement executed by the Company and any other Credit Party

(defined below) or consented to, or delivered, by the Company in connection therewith, the “DIP Loan Documents”), among Kimball Hill, Inc. and its domestic subsidiaries that are signatories thereto (including the Company, collectively, the “Credit Parties”), each of which Credit Parties will be a debtor and debtor in possession in a case to be filed under chapter 11 of the Bankruptcy Code (the case of each Credit Party, collectively, the “Cases”), which DIP Loan Documents (a) provide from the proceeds of the tax refund received by one or more of the Credit Parties with an intercompany revolving loan facility of up to \$51,851,594 on a secured super-priority priming lien basis, (b) require each Credit Party’s obligations therein to be guaranteed by the other Credit Parties, and (c) provide for the proceeds therefrom to be used for working capital and for other general corporate purposes of the Credit Parties, including postpetition operating expenses of administration of the Cases, subject to the Budget (as defined in the DIP Order), in substantially the form submitted to the Board of Directors, be, and the same hereby are in all respects approved, and any Authorized Officer or other officer of the Company is hereby authorized and empowered, in the name of and on behalf of the Company, to consent to, execute and deliver each of the DIP Loan Documents to which the Company is a party, in such forms and with such changes, additions, and modifications thereto as the officer of the Company executing the same shall approve, such approval to be conclusively evidenced by such officer’s execution and delivery thereof; and

RESOLVED FURTHER, that the Company, as debtor and debtor in possession under the Bankruptcy Code shall be, and hereby is, authorized to incur the Obligations (as defined in the DIP Loan Documents) and undertake any and all related transactions contemplated thereby (collectively, the “Financing Transactions”); and

RESOLVED FURTHER, that each and every officer, including the Authorized Officers, of the Company be, and each of them, acting alone, hereby is authorized, directed, and empowered, with power of delegation, from time to time in the name and on behalf of the Company to take any and all such actions, and to execute and deliver or cause to be executed and delivered under seal of the Company or otherwise, any and all such other documents, agreements, certificates, writings, and instruments to be delivered in connection with the DIP Order and/or the DIP Loan Documents (including, without limitation, any amendments, supplements, or modifications to the DIP Loan Documents and

such other documents, agreements, certificates, writings, and instruments to be delivered in connection therewith), and to grant the security interests in or liens on any real or personal property of the Company, whether encumbered or unencumbered, now or hereafter acquired as contemplated by the DIP Order and the DIP Loan Documents, with full authority to indorse, assign, or guarantee any of the foregoing in the name of the Company, in each case, as any such officer may deem necessary or advisable to carry out the intent and purposes of the immediately foregoing resolution, and his or her execution and delivery thereof to be conclusive evidence that he or she deems in necessary or advisable, his or her execution and delivery thereof to be conclusive evidence of his or her authority, to so act and his or her approval thereof; and

RESOLVED FURTHER, that the Authorized Officers be, and they hereby are, authorized and directed, and each of them, acting alone, hereby is, authorized, directed, and empowered, with power of delegation, in the name of, and on behalf of, the Company, as debtor and debtor in possession, to take such actions and consent to, execute and deliver (a) the DIP Loan Documents and such agreements, certificates, instruments, guaranties, notices and any and all other documents as the Authorized Officers may deem necessary or appropriate to facilitate the Financing Transactions (collectively, the "Financing Documents"); (b) such other instruments, certificates, notices, assignments, and documents as may be reasonably requested by the DIP Agent; and (c) such forms of deposit account control agreements, officer's certificates, and compliance certificates as may be required by the DIP Order, DIP Loan Documents, or any other Financing Document; and

RESOLVED FURTHER, that each of the Authorized Officers be, and hereby is, authorized and empowered, with power of delegation, to take all such further actions including, without limitation, to pay all fees and expenses, in accordance with the terms of the Financing Documents, which shall in their sole judgment be necessary, proper, or advisable to perform the Company's obligations under or in connection with the DIP Order, DIP Loan Documents, or any of the other Financing Documents and the transactions contemplated therein and to carry out fully the intent of the foregoing resolutions; and

RESOLVED FURTHER, that each of the Authorized Officers be, and hereby is, authorized and empowered, with power

of delegation, to execute and deliver any amendments, supplements, modifications, renewals, replacements, consolidations, substitutions, and extensions of the DIP Order, DIP Loan Documents, or any of the Financing Documents which shall in their sole judgment be necessary, proper, or advisable; and

RESOLVED FURTHER, that all acts and actions taken by the Authorized Officers prior to the date hereof with respect to the transactions contemplated by the DIP Order, DIP Loan Documents, and any of the other Financing Documents be, and hereby are, in all respects confirmed, approved, and ratified; and

### **III. Further Actions and Prior Actions**

RESOLVED FURTHER, that the Authorized Officers be, and they hereby are, authorized and empowered, in the name of and on behalf of the Company, to take or cause to be taken any and all such other and further action, and to execute, acknowledge, deliver, and file any and all such instruments as each, in his/her discretion, may deem necessary or advisable in order to carry out the purpose and intent of the foregoing resolutions; and

RESOLVED FURTHER, that all acts, actions, and transactions relating to the matters contemplated by the foregoing resolutions done in the name of and on behalf of the Company, which acts would have been approved by the foregoing resolutions except that such acts were taken before these resolutions were certified, are hereby in all respects approved and ratified.

\* \* \* \* \*

IN WITNESS WHEREOF, the undersigned have executed this Unanimous Written Consent of Directors as of the date first above written.

/s/ Bradley R. Grining  
Bradley R. Grining

/s/ C. Kenneth Love  
C. Kenneth Love

/s/ Edward J. Madell  
Edward J. Madell

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

In re:	)	Chapter 11 Cases
	)	Case No. 08-    - [ ] -
KIMBALL HILL, INC., <i>et al.</i> ,	)	Joint Administration Pending
	)	
Debtors.	)	
	)	

**CONSOLIDATED LIST OF CREDITORS HOLDING  
THE 30 LARGEST UNSECURED CLAIMS**

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The above-captioned debtors (collectively, the “Debtors”) each filed a petition in the Court for relief under chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 101-1532. The following is the consolidated list of the Debtors’ creditors holding the 30 largest unsecured claims (the “Consolidated List”) based on the Debtors’ books and records as of approximately April 22, 2008. The Consolidated List is prepared in accordance with Fed. R. Bankr. P. 1007(d) for filing in these chapter 11 cases. The Consolidated List does not include (1) persons who come within the definition of “insider” set forth in 11 U.S.C. § 101(31), or (2) secured creditors unless the value of the collateral is such that the unsecured deficiency places the creditor among the holders of the Consolidated List of 30 largest unsecured claims. The information herein shall not constitute an admission of liability by, nor is it binding on, the Debtors. The information herein, including the failure of the Debtors to list any claim as contingent, unliquidated or disputed, does not constitute a waiver of the Debtors’ right to contest the validity, priority or amount of any claim.

(1) Name of creditor	(2) Name, telephone number and complete mailing address, including zip code of employee, agents, or department of creditor familiar with claim who may be contacted	(3) Nature of claim (trade debt, bank loan, government contracts, etc.)	(4) Indicate if claim is contingent, unliquidated, disputed or subject to set off	(5) Amount of claim (secured also state value of security)
Indenture Trustee	ATTN: CORPORATE TRUST SERVICES U.S. BANK NATIONAL ASSOCIATION 60 LIVINGSTON AVENUE EP-MN-WS3C ST. PAUL, MN 55107 F: 651-495-8097	Unsecured Bonds		\$203,000,000
Cesari Response Television, inc	1414 DEXTER AVENUE N. #300 SEATTLE, WA 98109 T: 800-585-7975 F: 206-826-0200	Trade Debt		\$91,675
Clark County Treasurer	500 S. GRAND CENTRAL PKWY, 1ST FL PO BOX 551220 LAS VEGAS, NV 89155-1220 T: 702-455-4323 F: 702-455-5969	Trade Debt		\$73,762
San Antonio Water Services	P.O. BOX 2990 SAN ANTONIO, TX 78299-2990 T: 210-704-7297 F: 210-233-4160	Trade Debt		\$30,779
Ten-Voss	8554 KATY FREEWAY SUITE 301 HOUSTON, TX 77024 T: 713-270-7700 F: 7413-270-6285	Trade Debt		\$27,306
Ritz-Carlton, Lake Las Vegas	1610 LAKE LAS VEGAS HENDERSON, NV 89011 T: 702-567-7400 F: 702-567-4777	Trade Debt		\$20,000
Providence Community Association	8360 E. VIA DE VENTURA STE L-100 SCOTTSDALE, AZ 85258	Trade Debt		\$17,800
Consumer Source, Inc	DBA:HOUSTON NEW HOME GUIDE PO BOX 402035 ATLANTA, GA 30384 T: 800-216-1428 F: 770-396-9532	Trade Debt		\$16,252
Interspace Airport Advertising	ATTN: FLORI LOCKWITCH P.O. BOX 847247 4635 CRACKERSPORT ROAD ALLEN TOWN, PA DALLAS, TX 75284-7247 T: 610-395-8002 F: 610-395-4450	Trade Debt		\$15,450
Fort Bend MUD	12535 REED RD SUGARLAND, TX 77478 T: 281-277-0129 F: 281-277-0028	Trade Debt		\$13,090
Leading Edge Personnel	P. O. BOX 2675 SAN ANTONIO, TX 78299 T: 210-308-0900 F: 210-30835	Trade Debt		\$12,833
Lamar Advantage of Austin	7020 US HWY 290 E AUSTIN, TX 78723 T: 800-524-4599 F: 512-451-6645	Trade Debt		\$11,900



(1) Name of creditor	(2) Name, telephone number and complete mailing address, including zip code of employee, agents, or department of creditor familiar with claim who may be contacted	(3) Nature of claim (trade debt, bank loan, government contracts, etc.)	(4) Indicate if claim is contingent, unliquidated, disputed or subject to set off	(5) Amount of claim (secured also state value of security)
Lifestyle Designs	1964 WEST GRAY SUITE 200 HOUSTON, TX 77019 T: 713-524-2821 r-blair.lifestyle@swbell.net ATTN: ROBERT BLAIR	Trade Debt		\$11,600
Builders Sign Company	2315 LOUETTA RD SPRING, TX 77388 T: 281-353-2429 F: 281-353-5800 ATTN: VERONICA NEUMAIER	Trade Debt		\$11,355
Decks by Monday	1810 CALLAWAY DR ALVIN, TX 77511 T: 281-844-3331 ATTN: DAVID LEE SMITHSON	Trade Debt		\$11,000
Metro Code Analysis	2630 WEST FREEWAY SUITE 200 FORT WORTH, TX 76102 T: 817-335-1497 F: 817-335-5733 ATTN: MICHELLE KIRCHNER	Trade Debt		\$10,727
Konica Minolta Business	PO BOX 403718 Atlanta, GA 30384 T: 800-456-6422 F: 800-862-2490	Trade Debt		\$10,463
New Home Technologies	11900 RR 620 NORTH AUSTIN, TX 78750 T: 512-651-8875 F: 512-371-9552 ATTN: ALPANA AHORA	Trade Debt		\$9,937
EX2 Solutions, Inc	11900 RR 620 NORTH AUSTIN, TX 78750 T: 512-651-8807 F: 512-371-9552	Trade Debt		\$9,526
Builder Homesite, Inc	PO BOX 847905 DALLAS, TX 75284 T: 512-371-3800 F: 512-371-9552	Trade Debt		\$8,558
Game Film Consultants	PO BOX 10027 AUSTIN, TX 78766 T: 866-334-3456 F: 713-339-1802	Trade Debt		\$8,510
Houston Chronicle	PO BOX 200088 HOUSTON, TX 77216 T: 713-362-7716 F: 713-362-3575	Trade Debt		\$8,435
New Home Magazine and Map Guide	181 BUTCHER RD VACAVILLE, CA 95687 T: 707-451-9990 F: 707-451-9922	Trade Debt		\$8,372
Konica Minolta Business Solutions	21146 NETWORK PLACE CHICAGO, IL 60673 T: 800-456-6422 F: 800-862-2490	Trade Debt		\$7,861
Nevada Power Company	PO BOX 30086 RENO, NV 89520 T: 702-367-5555 F: 702-579-9303	Trade Debt		\$7,391
JWDI, Inc	1499 N POST OAKS SUITE 114 HOUSTON, TX 77055 T: 713-680-2064	Trade Debt		\$7,133

(1) Name of creditor	(2) Name, telephone number and complete mailing address, including zip code of employee, agents, or department of creditor familiar with claim who may be contacted	(3) Nature of claim (trade debt, bank loan, government contracts, etc.)	(4) Indicate if claim is contingent, unliquidated, disputed or subject to set off	(5) Amount of claim (secured also state value of security)
Northwest MUD	PO BOX 3150 HOUSTON, TX 77253	Trade Debt		\$5,920
8965 S Eastern LLC	4755 DEAN MARTIN DR LAS VEGAS, NV 89103 T: 702-221-8226 F: 702-221-1256	Trade Debt		\$5,775
Westpark Communication	3731 BRIAR PARK SUITE 200 HOUSTON, TX 77042 T: 713-785-3238 F: 713-977-5944	Trade Debt		\$5,687
Modspace	PO BOX 641595 PITTSBURGH, PA 15264 T: 713-678-7499 F: 713-678-7374	Trade Debt		\$5,380

**DECLARATION UNDER PENALTY  
OF PERJURY ON BEHALF OF CORPORATION**

Pursuant to 28 U.S.C. § 1746, I, C. Kenneth Love, the duly qualified and elected Vice Chairman of KH Financial Holding Company, declare under penalty of perjury that I have reviewed the Consolidated List of Creditors Holding the 30 Largest Unsecured Claims and that it is true and correct to the best of my information and belief.

Rolling Meadows, Illinois

Dated: April 23, 2008

/s/ C. Kenneth Love

C. Kenneth Love